

TOWN OF HOLLYWOOD PARK, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2014**

TOWN OF HOLLYWOOD PARK
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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TOWN OF HOLLYWOOD PARK

PRINCIPAL OFFICERS

TOWN OFFICIALS

MAYOR

CHRIS FAILS

TOWN COUNCIL

STEVE PHILLIPS

SUDIE SARTOR

DAVID NEUGEBAUER

CHRIS MURPHY

HOLLY MCBRAYER

TOWN SECRETARY

JANICE ALAMIA

ATTORNEY

MICHAEL S. BRENNAN

AUDITOR

ARMSTRONG, VAUGHAN & ASSOCIATES, P.C.

SHAREHOLDERS:

Nancy L. Vaughan, CPA
Deborah F. Fraser, CPA
Phil S. Vaughan, CPA



Armstrong, Vaughan & Associates, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Town Council
Town of Hollywood Park

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Hollywood Park, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Hollywood Park's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Town of Hollywood Park's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Hollywood Park, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

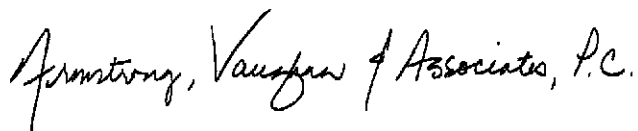
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Hollywood Park's basic financial statements as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Armstrong, Vaughan & Associates, P.C.

December 01, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Hollywood Park's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

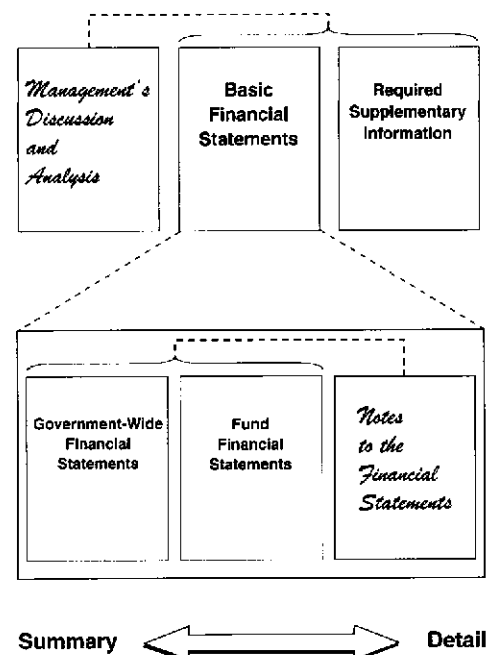
- The Town's total combined net position was \$8.1 million at September 30, 2014.
- During the year, the Town's governmental expenses were \$232 thousand less than the \$3,6 million generated in general and program revenues for governmental funds. The total cost of the Town's governmental programs increased 8.1% from the prior year.
- The general fund reported a fund balance this year of \$2.2 million, an increase of 6.2%, largely due to the increase in sales taxes and CPS franchise fees.
- The Town did not issue any new debt during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Town's operations in more detail than the government-wide statements.
- *The governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*.

Figure A-1F, Required Components of the Town's Annual Financial Report



The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and related to one another.

Figure A-2. Major Features of the Town's Government-wide and Fund Financial Statements			
Type of Statements	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire Town's government (except fiduciary funds) and the Town's component units	The activities of the town that are not proprietary or fiduciary	Activities of the Town that operate similar to private businesses: sewer
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the Town's financial statements, including the portion of the Town government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-Wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. Net position—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health or *position*.

- Over time, increases or decreases in the Town's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional non-financial factors such as changes in the Town's tax base.

- The government-wide financial statements of the Town include the *Governmental activities*. Most of the Town's basic services are included here, such as general government, public safety, highways and streets, sanitation, economic development, culture and recreation, and interest on long-term debt. Property taxes and charges for services finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant *funds*—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Town Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Town has the following kinds of funds:

- *Governmental funds*—Most of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page, which explains the relationship (or differences) between them.
- *Proprietary funds*—Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's combined net position was \$8.1 million at September 30, 2014. (See Table A-1).

	Table A-1 Town's Net Position						
	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2014	2013	2014	2013	2014	2013	
<i>Assets:</i>							
Current Assets	\$ 5,075,683	\$ 4,456,875	\$ 159,446	\$ 170,065	\$ 5,235,129	\$ 4,626,940	13.1
Capital Assets (net)	3,612,063	3,781,342	-	-	3,612,063	3,781,342	(4.5)
<i>Total Assets</i>	<u>8,687,746</u>	<u>8,238,217</u>	<u>159,446</u>	<u>170,065</u>	<u>8,847,192</u>	<u>8,408,282</u>	5.2
<i>Liabilities:</i>							
Current Liabilities	704,473	409,689	8,202	17,703	712,675	427,392	66.7
Long-Term Liabilities	-	77,093	-	-	-	77,093	(100.0)
<i>Total Liabilities</i>	<u>704,473</u>	<u>486,782</u>	<u>8,202</u>	<u>17,703</u>	<u>712,675</u>	<u>504,485</u>	41.3
<i>Net Position:</i>							
Invested in Capital Assets	3,534,970	3,630,024	-	-	3,534,970	3,630,024	(2.6)
Restricted	2,034,441	1,812,902	-	-	2,034,441	1,812,902	12.2
Unrestricted	2,413,862	2,308,509	151,244	152,362	2,565,106	2,460,871	4.2
<i>Total Net Position</i>	<u>\$ 7,983,273</u>	<u>\$ 7,751,435</u>	<u>\$ 151,244</u>	<u>\$ 152,362</u>	<u>\$ 8,134,517</u>	<u>\$ 7,903,797</u>	2.9

The unrestricted net position represents resources available to fund the programs of the Town next year.

Governmental Activities

- Property appraisal value remained relatively the same for the fiscal year ending September 30, 2014, only decreasing property tax revenues by \$19 thousand to \$2.1 million.

Table A-2
Changes in Town's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2014	2013	2014	2013	2014	2013	
<i>Program Revenues:</i>							
Charges for Services	\$ 246,739	\$ 241,822	\$ 92,946	\$ 96,216	\$ 339,685	\$ 338,038	0.5
Operating Grants and Contributions	6,966	6,435	-	-	6,966	6,435	8.3
Capital Contributions	-	-	-	-	-	-	0.0
<i>General Revenues:</i>							
Taxes	3,294,261	3,213,559	-	-	3,294,261	3,213,559	2.5
License Agreements	78,398	279,500	-	-	78,398	279,500	(72.0)
Interest Earnings	1,369	2,397	14	14	1,383	2,411	(42.6)
Miscellaneous	12,896	238,666	-	-	12,896	238,666	(94.6)
TOTAL REVENUES	3,640,629	3,982,379	92,960	96,230	3,733,589	4,078,609	(8.5)
<i>Program Expenses:</i>							
General Government	785,302	540,496	-	-	785,302	540,496	45.3
Police	867,357	869,521	-	-	867,357	869,521	(0.2)
Fire	956,297	939,755	-	-	956,297	939,755	1.8
Public Works	246,398	247,433	-	-	246,398	247,433	(0.4)
Municipal Court	90,953	68,447	-	-	90,953	68,447	32.9
Recreation	118,650	141,913	-	-	118,650	141,913	(16.4)
Sanitation	339,779	339,779	-	-	339,779	339,779	0.0
Sewer	-	-	94,078	95,218	94,078	95,218	(1.2)
Interest on Debt	4,055	6,882	-	-	4,055	6,882	(41.1)
TOTAL EXPENSES	3,408,791	3,154,226	94,078	95,218	3,502,869	3,249,444	7.8
Change in Net Position	\$ 231,838	\$ 828,153	\$ (1,118)	\$ 1,012	\$ 230,720	\$ 829,165	72.2

Table A-3 presents the cost of each of the Town's largest functions, as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local tax dollars. The cost of all *governmental* activities this year was \$3.4 million. Taxpayers paid for 61% of these activities through property taxes of \$2.1 million. 7.2% of the cost was paid by those who directly benefited from the programs.

Table A-3
Net Cost of Selected Town Functions

	Total Cost of Services			Percentage Change	Net Cost of Services			Percentage Change
	2014	2013			2014	2013		
General Government	\$ 785,302	\$ 540,496		45.3	\$ 679,409	\$ 452,472		50.2
Police	867,357	869,521		(0.2)	861,003	861,026		(0.0)
Fire	956,297	939,755		1.8	954,375	939,755		1.6
Public Works	246,398	247,433		(0.4)	246,398	247,433		(0.4)
Municipal Court	90,953	68,447		32.9	(36,048)	(70,239)		(48.7)
Recreation	118,650	141,913		(16.4)	106,115	128,861		(17.7)
Sanitation	339,779	339,779		0.0	339,779	339,779		0.0
Sewer	94,078	95,218		(1.2)	1,132	(998)		(213.4)

Business-Type Activities

Revenues of the Town's Sewer business-type activities decreased 3.4% to \$93 thousand, and operating expenses decreased 1.2% to \$94 thousand. San Antonio Water System (SAWS) bills these accounts for the Town and charges the Town for the consumption. Expenditures are affected by the SAWS rates, while the revenues are based on the Town's established rates. Fluctuations in revenues and expenses are primarily related to changes in rates, as the Town increased their rates in July 2014 for the first time in years.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Revenues from governmental fund types totaled \$3.6 million, a decrease of 8.7% from the preceding year. The decrease is attributable to the CEID fund revenue and the Clear Channel billboards bonus received in the prior year.

Budgetary Highlights

The Town's actual expenditures in the General Fund were \$111 thousand less than budgeted amounts, and the Economic Development Corporation's expenditures were over budget by \$45 thousand, due to the signage replacement throughout the Town.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2014, the Town had invested \$6.2 million in a broad range of capital assets, including land, equipment, buildings, and vehicles. (See Table A-4.)

Table A-4
Town's Capital Assets
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	
Land	\$ 572	\$ 482	\$ -	\$ -	\$ 572	\$ 482	18.7
Buildings and Improvements	2,510	2,675	-	-	2,510	2,675	(6.2)
Equipment	1,896	1,753	-	-	1,896	1,753	8.2
Infrastructure	1,234	1,227	-	-	1,234	1,227	0.6
Construction in Progress	29	-	-	-	29	-	100.0
Totals at Historical Cost	6,241	6,137	-	-	6,241	6,137	1.7
Total Accumulated Depreciation	(2,628)	(2,356)	-	-	(2,628)	(2,356)	11.5
Net Capital Assets	<u>\$ 3,613</u>	<u>\$ 3,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,613</u>	<u>\$ 3,781</u>	(4.4)

More detailed information about the Town's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the Town had a capital lease of \$77 thousand outstanding as shown in Table A-5. The Town has no bonds. More detailed information about the Town's debt is presented in the notes to the financial statements.

Table A-5
Town's Long-Term Debt
(in thousands dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2013	2014	2013	2014	2013	
Capital Leases	\$ 77	\$ 151	\$ -	\$ -	\$ 77	\$ 151	(49.1)
Total Long-Term Debt	\$ 77	\$ 151	\$ -	\$ -	\$ 77	\$ 151	(49.1)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's elected and appointed officials considered many factors when setting the fiscal year 2015 budget, tax rates, and fees that will be charged. The economic outlook for Bexar County remains stable. The Town's budget levels remain similar to previous years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Town Hall at (210) 494-2023.



BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government – Wide Financial Statements
- Fund Financial Statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



TOWN OF HOLLYWOOD PARK
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 4,787,329	\$ 149,186	\$ 4,936,515
Receivables (net of allowances for uncollectibles):			
Ad Valorem Taxes	60,826	-	60,826
Other	227,528	10,260	237,788
Capital Assets:			
Land	571,586	-	571,586
Buildings and Improvements	2,509,595	-	2,509,595
Vehicles and Equipment	1,896,424	-	1,896,424
Infrastructure	1,234,010	-	1,234,010
Construction in Progress	28,523	-	28,523
Accumulated Depreciation	(2,628,075)	-	(2,628,075)
TOTAL ASSETS	<u>8,687,746</u>	<u>159,446</u>	<u>8,847,192</u>
LIABILITIES			
Accounts Payable	217,082	8,202	225,284
Accrued Expenses	54,181	-	54,181
Accrued Interest Payable	1,862	-	1,862
Deposits	2,624	-	2,624
Unearned Billboard Revenue	123,562	-	123,562
Accrued Compensated Absences	166,763	-	166,763
Net Pension Obligation	61,306	-	61,306
Capital Lease Due within One Year	77,093	-	77,093
TOTAL LIABILITIES	<u>704,473</u>	<u>8,202</u>	<u>712,675</u>
NET POSITION			
Net Investment in Capital Assets	3,534,970	-	3,534,970
Restricted for:			
Tourism Development	143,873	-	143,873
Economic Development	258,240	-	258,240
Venue Construction and Maintenance	1,226,772	-	1,226,772
Municipal Court	17,878	-	17,878
Street Maintenance	366,794	-	366,794
Police	1,452	-	1,452
Donor Stipulations	3,850	-	3,850
Public Service	15,582	-	15,582
Unrestricted	2,413,862	151,244	2,565,106
TOTAL NET POSITION	<u>\$ 7,983,273</u>	<u>\$ 151,244</u>	<u>\$ 8,134,517</u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

Functions and Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
<i>Governmental Activities:</i>				
General and Administrative	\$ 785,302	\$ 105,893	\$ -	\$ -
Police	867,357	1,310	5,044	-
Fire	956,297	-	1,922	-
Public Works	246,398	-	-	-
Municipal Court	90,953	127,001	-	-
Recreation	118,650	12,535	-	-
Sanitation	339,779	-	-	-
Interest on Long-term Debt	4,055	-	-	-
<i>Total Governmental Activities</i>	<u>3,408,791</u>	<u>246,739</u>	<u>6,966</u>	<u>-</u>
<i>Business-Type Activities:</i>				
Sewer	<u>94,078</u>	<u>92,946</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 3,502,869</u>	<u>\$ 339,685</u>	<u>\$ 6,966</u>	<u>\$ -</u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Franchise Taxes				
Sales Taxes				
Hotel Occupancy Tax				
License Agreements				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (679,409)		\$ (679,409)
(861,003)		(861,003)
(954,375)		(954,375)
(246,398)		(246,398)
36,048		36,048
(106,115)		(106,115)
(339,779)		(339,779)
(4,055)		(4,055)
<u>(3,155,086)</u>		<u>(3,155,086)</u>
	<u>\$ (1,132)</u>	<u>(1,132)</u>
		<u>(3,156,218)</u>
2,095,864	-	2,095,864
289,244	-	289,244
874,855	-	874,855
34,298	-	34,298
78,398	-	78,398
1,369	14	1,383
12,896	-	12,896
<u>3,386,924</u>	<u>14</u>	<u>3,386,938</u>
231,838	(1,118)	230,720
<u>7,751,435</u>	<u>152,362</u>	<u>7,903,797</u>
<u>\$ 7,983,273</u>	<u>\$ 151,244</u>	<u>\$ 8,134,517</u>

TOWN OF HOLLYWOOD PARK
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Major Fund General Fund	Major Fund Venue Tax	Major Fund Economic Development
ASSETS			
Cash and Cash Equivalents	\$ 2,355,980	\$ 1,189,414	\$ 271,347
Receivables (net of allowances for uncollectibles):			
Property Taxes	60,826	-	-
Other Receivables	141,241	37,443	18,721
TOTAL ASSETS	\$ 2,558,047	\$ 1,226,857	\$ 290,068
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
<i>Liabilities:</i>			
Accounts Payable	\$ 140,472	\$ 85	\$ 31,828
Accrued Expenditures	54,181	-	-
Deposits	2,624	-	-
Unearned Billboard Revenue	123,562	-	-
<i>Total Liabilities</i>	<u>320,839</u>	<u>85</u>	<u>31,828</u>
<i>Deferred Inflows of Resources:</i>			
Unavailable Property Tax Revenue	52,045	-	-
<i>Total Deferred Inflows of Resources</i>	<u>52,045</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>			
Restricted for:			
Tourism Development	-	-	-
Economic Development	-	-	258,240
Venue Construction and Maintenance	-	1,226,772	-
Municipal Court	-	-	-
Street Maintenance	-	-	-
Police	-	-	-
Donor Stipulations	-	-	-
Public Service	-	-	-
Assigned for:			
Capital Projects	-	-	-
Unassigned	2,185,163	-	-
<i>Total Fund Balances</i>	<u>2,185,163</u>	<u>1,226,772</u>	<u>258,240</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,558,047	\$ 1,226,857	\$ 290,068

See accompanying notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 970,589	\$ 4,787,330
-	60,826
30,123	227,528
<u>\$ 1,000,712</u>	<u>\$ 5,075,684</u>

\$ 44,698	\$ 217,083
-	54,181
-	2,624
-	123,562
<u>44,698</u>	<u>397,450</u>
-	52,045
<u>-</u>	<u>573,057</u>

143,873	143,873
-	258,240
-	1,226,772
17,878	17,878
366,794	366,794
1,452	1,452
3,850	3,850
15,582	15,582
406,585	406,585
-	2,185,163
<u>956,014</u>	<u>4,626,189</u>

<u>\$ 1,000,712</u>	<u>\$ 5,075,684</u>
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TOWN OF HOLLYWOOD PARK
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$ 4,626,189
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,612,063
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	52,045
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Accrued compensated absences are not due and payable in the current period and, therefore, not reported in the funds.	(166,763)
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Long-term liabilities, including capital leases, are not due and payable in the current period and, therefore, not reported in the funds.	(77,093)
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The governmental funds report pension plan contributions as expenditures when they are paid. However, in the statement of net position, the difference between contributions made and the actuarial accrued pension costs are reported as an asset or obligation. This amount represents the cumulative amount that pension costs exceeded actual contributions.	(61,306)
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Accrued interest payable on debt is not due and payable in the current period and, therefore, not reported in the funds.	<u>(1,862)</u>
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u><u>\$ 7,983,273</u></u>
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TOWN OF HOLLYWOOD PARK
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Major Fund General Fund	Major Fund Venue Tax	Major Fund Economic Development
REVENUES			
Ad Valorem Taxes	\$ 2,089,408	\$ -	\$ -
Franchise Fees	284,376	-	-
Sales Taxes	441,314	216,771	108,385
Hotel Occupancy Tax	-	-	-
Fines and Penalties	121,539	-	-
Licenses and Permits	104,182	-	-
License Agreements	78,398	-	-
Interest Income	719	363	92
Grants and Donations	-	-	-
Miscellaneous	32,584	965	2,123
TOTAL REVENUES	<u>3,152,520</u>	<u>218,099</u>	<u>110,600</u>
EXPENDITURES			
<i>Current:</i>			
General and Administrative	510,951	-	60,335
Police	799,373	-	-
Fire	857,325	-	-
Public Works	128,623	-	-
Municipal Court	80,602	-	-
Recreation	51,700	4,271	-
Sanitation	339,779	-	-
Capital Outlay	176,551	4,967	85,162
<i>Debt Service:</i>			
Principal	74,225	-	-
Interest and Fiscal Charges	5,847	-	-
TOTAL EXPENDITURES	<u>3,024,976</u>	<u>9,238</u>	<u>145,497</u>
Net Change in Fund Balance	127,544	208,861	(34,897)
Fund Balances at Beginning of Year	<u>2,057,619</u>	<u>1,017,911</u>	<u>293,137</u>
Fund Balances at End of Year	<u>\$ 2,185,163</u>	<u>\$ 1,226,772</u>	<u>\$ 258,240</u>

See accompanying notes to basic financial statements.

Total Nonmajor Funds	Total Governmental Funds
\$ -	\$ 2,089,408
4,868	289,244
108,385	874,855
34,299	34,299
5,462	127,001
-	104,182
-	78,398
195	1,369
3,345	3,345
-	35,672
<u>156,554</u>	<u>3,637,773</u>
40,024	611,310
4,033	803,406
373	857,698
20,674	149,297
4,677	85,279
-	55,971
-	339,779
39,161	305,841
-	74,225
-	5,847
<u>108,942</u>	<u>3,288,653</u>
47,612	349,120
<u>908,402</u>	<u>4,277,069</u>
<u>\$ 956,014</u>	<u>\$ 4,626,189</u>



TOWN OF HOLLYWOOD PARK
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$	349,120
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay.		(39,817)
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Governmental funds report proceeds from the disposition of capital assets as other financing sources and uses. On the Statement of Activities these proceeds are reducing the net book value of the capital assets disposed. This amount represents the net book value of capital assets disposed.		(129,462)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		6,456
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The issuance of long-term debt (e.g. bonds and capital leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.		
Principal Payments		74,225

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences	(30,080)	
Change in Net Pension Obligation	(396)	
Change in Accrued Interest	1,792	(28,684)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>231,838</u>
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TOWN OF HOLLYWOOD PARK
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2014

	Business-Type Activities Sewer Fund
ASSETS	
Cash and Cash Equivalents	\$ 149,186
Receivables (net of allowances for uncollectibles)	10,260
TOTAL ASSETS	<u>159,446</u>
LIABILITIES	
Accounts Payable	8,202
TOTAL LIABILITIES	<u>8,202</u>
NET POSITION	
Unrestricted	151,244
TOTAL NET POSITION	<u>\$ 151,244</u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR SEPTEMBER 30, 2014

	Business-Type Activities Sewer Fund
OPERATING REVENUES	
Charges for Utility Service	\$ 92,946
TOTAL OPERATING REVENUES	<u>92,946</u>
OPERATING EXPENSES	
Waste Water Treatment Fees	94,078
TOTAL OPERATING EXPENSES	<u>94,078</u>
OPERATING INCOME (LOSS)	<u>(1,132)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Income	14
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>14</u>
CHANGE IN NET POSITION	(1,118)
NET POSITION AT BEGINNING OF YEAR	<u>152,362</u>
NET POSITION AT END OF YEAR	<u><u>\$ 151,244</u></u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Business-Type Activities <u>Sewer Fund</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 89,903
Cash Paid to Suppliers for Goods and Services	(103,579)
Net Cash Provided (Used) by Operating Activities	<u>(13,676)</u>
Cash Flows From Investing Activities:	
Investment Interest Received	14
Net Cash Provided (Used) by Investing Activities	<u>14</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,662)
Cash and Cash Equivalents at Beginning of Year	<u>162,848</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 149,186</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (1,132)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(3,043)
Increase (Decrease) in Current Liabilities:	
Accounts Payable	(9,501)
Total Adjustments to Reconcile Operating Activities	<u>(12,544)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (13,676)</u></u>

See accompanying notes to basic financial statements.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Hollywood Park, Texas ("Town") was incorporated in 1955 under the provisions of the State of Texas. The Town operates under a General Law Charter, which was adopted October 5, 1951. The Town provides the following services as authorized by its charter: police and fire protection, sanitation, parks and recreation, general administrative services, and sewer services.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. REPORTING ENTITY

Component Units

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations; thus, data from these units, if any existed, would be combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the government. As of September 30, 2014, the Town had one component unit that is blended in these financial statements:

Hollywood Park Economic Development Corporation

The Town exerts significant control over the Economic Development Corporation (EDC), a legally separate entity. The EDC uses the taxing authority of the Town and exists only to benefit the Town and its community. Town Council appoints all members of the Board and approves all expenditures. This qualifies the EDC as a component unit, which is recorded as a separate fund of the Town, using the blended method described in the previous paragraph. The EDC collects a ¼ cent sales tax to promote the economic growth in the Town of Hollywood Park. The EDC does not issue separate financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The **government-wide financial statements** include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the Town. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Governmental activities are supported mainly by taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The statement of activities reflects the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate **fund financial statements** are provided for governmental funds and proprietary funds. The General Fund, Venue Tax Fund and Economic Development Fund all meet the criteria as **major governmental funds**.

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The **government-wide financial statements** are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement focus is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenue types which have been accrued consist of revenue from the investments, property taxes, intergovernmental revenue and charges for services. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Revenues are classified as *program revenues* and *general revenues*. Program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes, grants not restricted to specific programs, investment earnings, and other miscellaneous revenues.

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Measurable and available revenues include revenues expected to be received within 60 days after the fiscal year ends. Receivables which are measurable but not collectible within 60 days after the end of the fiscal period are reported as deferred revenue.

Expenditures generally are recorded when a fund liability is incurred; however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the liability has matured and payment is due.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)

The government reports the following major governmental funds:

The General Fund is the general operating fund of the Town and is always classified as a major fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for general administration, police, fire, recreation, public works, municipal court and sanitation.

Venue Tax Fund is used to account for proceeds from a ½ cent sales tax to fund various venues in the Town. Currently it is funding the development and operations of Triangle Park.

Economic Development Fund is used to account for the ¼ cent sales tax used to promote business development in the Town. This fund is a separate legal entity reported as a blended component unit of the Town.

The Town has the following nonmajor governmental funds: Court Technology, Court Security, Grants & Donations, PEG Fund, Voigt Center Maintenance, Asset Forfeiture, Hotel Tax, Capital Projects, Street Maintenance, and Asset Seizure.

Proprietary fund level financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position and cash flows. The Town's Proprietary Fund is the Sewer Fund (used to account for the provision of sewer services to residents).

The **Proprietary Fund** is accounted for using the accrual basis of accounting as follows:

1. Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
2. Current-year contributions, administrative expenses and benefit payments, which are not received or paid until the subsequent year, are accrued.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the Town.

5. INVESTMENTS

State statutes authorize the Town to invest in (a) obligations of the United States or its agencies and instrumentalities; (b) direct obligations of the State of Texas or its agencies; (c) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States; (d) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (e) certificates of deposit by state and national banks domiciled in this state that are (i) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or, (ii) secured by obligations that are described by (a) - (e). Statutes also allow investing in local government investment pools organized and rated in accordance with the Interlocal Cooperation Act, whose assets consist exclusively of the obligations of the United States or its agencies and instrumentalities and repurchase assessments involving those same obligations. The Town has all its monies in interest bearing checking accounts, savings accounts, and government investment pools. Earnings from these investments are added to each account monthly or quarterly. Investments are carried at fair market value except for certificates of deposit which are carried at amortized cost.

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2013 and past due after January 31, 2014. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables for prior years' levy are shown net of an allowance for uncollectibles; however, presently the Town estimates that all accounts are collectible.

Accounts receivable from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the Town. Program grants are recorded as receivables and revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by the court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectibles.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. PREPAID ITEMS

Payments made for goods and services in advance are recorded as prepaid items on the balance sheet.

8. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

9. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate section following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Property tax revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unavailable revenue.

10. CAPITAL ASSETS

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the applicable governmental or business type activities column in the government-wide financial statements. Capital assets such as equipment are defined as assets with a cost of \$2,000 or more and a useful life in excess of 1 year. Infrastructure assets include Town-owned streets, sewer, sidewalks, curbs and bridges. Capital assets are recorded at historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. CAPITAL ASSETS (Cont.)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Estimated Life</u>
Buildings and Improvements	5 to 30 years
Streets and Infrastructure	5 to 25 years
Furniture, Fixtures, Vehicles	5 to 25 years

11. COMPENSATED ABSENCES

Full-time employees earn vacation leave at varying rates depending on length of service and department worked. No more than 20 days (160 hours for regular employees, 240 for firefighters, and 200 hours for police) may be carried over annually. Accumulated vacation leave is paid on termination.

Full-time employees earn sick leave monthly at varying rates depending on their department. Sick leave benefits carryover each year up to a maximum of 584 hours for regular employees, 876 hours for firefighters and 730 hours for police. A portion of unused sick leave (ranging from 0% to 50% depending on years of service) is paid upon termination. Liabilities for compensated absences are recognized in the fund statements only to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

12. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt (including capital leases) and other long-term obligations are reported as liabilities under governmental activities or proprietary fund type statement of net position. On new bond issues, bond premiums and discounts are deferred and amortized over the life of the bond. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. FUND BALANCES

In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable - Represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid items) or legally required to remain intact.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. FUND BALANCES (Cont.)

Restricted - Represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed - Represents amounts that can only be used for a specific purpose by a resolution of Town Council. Committed amounts cannot be used for any other purpose unless the Town Council removes those constraints through the same formal action.

Assigned - Represents amounts which the Town intends to use for a specific purpose but do not meet the criteria of restricted or committed. Assignments may be created by the Council or Finance Director.

Unassigned - Represents the residual balance that may be spent on any other purpose of the Town.

When an expenditure is incurred for a purpose in which multiple classifications are available, the Town considers restricted balances spent first, committed second and assigned third.

14. NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

15. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise. For the Town, those revenues are charges for sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity. Revenues and expenses not meeting these definitions are reported as nonoperating.

16. INTERFUND TRANSFERS

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. **USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- DEPOSITS AND INVESTMENTS

The Town's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the Town's agent bank approved pledge securities in an amount sufficient to protect Town funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Deposits

At September 30, 2014, the carrying amount of deposits at Frost Bank was covered by federal deposit insurance (FDIC) of \$250,000 and the Town's depository had pledged securities having a face value of \$1,482,354 and market value of \$1,655,820 as collateral for the Town's deposits. All of the Town's cash was fully collateralized.

2. Investments

The Town is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Town adhered to the requirements of the Act. Additionally, investment practices of the Town were in accordance with local policies.

The Act determines the types of investments which are allowable for the Town. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

The Town's investment policy further limits investments to: (1) federally insured bank deposits, (2) collateralized bank deposits, (3) U.S. Government Treasury bills and notes, including sweep accounts that invest in them, (4) U.S. Government Agencies, and (5) Public Funds Investment Pools. No other investments may be made without authorization of Town Council.

The Town's investments at September 30, 2014 consist of \$4,169,972 in TexPool, a 2a7 like public funds investment pool. TexPool operates in accordance with the provisions of the Texas Public Funds Investment Act and is rated AAAM. The investment in TexPool is included in cash and cash equivalents.

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the Town was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the Town was not significantly exposed to credit risk.

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the Town's name. At year end, the Town was not significantly exposed to custodial credit risk.

c. Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the Town was not exposed to a concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year-end, the Town was not exposed to interest rate risk.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks (Continued)

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the Town was not exposed to foreign currency risk.

4. Investment Accounting Policy

The Town's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

NOTE C -- PROPERTY TAX CALENDAR

The Town's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the Town. Assessed values are established by the Bexar County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2013, upon which the fiscal 2014 levy was based, was \$409,022,870 (i.e., market value less exemptions). The estimated market value was \$418,120,843, making the taxable value 97.8% of the estimated market value.

The Town is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2014, was \$0.511 per \$100 of assessed value, which means that the Town has a tax margin of \$1.989 for each \$100 value and could increase its annual tax levy by approximately \$8,135,465 based upon the present assessed valuation before the limit is reached. However, the Town may not adopt a tax rate that exceeds the effective tax rate calculated in accordance with the Texas Property Tax Code without holding two public hearings. The Property Tax Code subjects an increase in the proposed tax rate to a referendum election, if petitioned by registered voters, when the effective tax rate increase is more than eight percent (8%) of the previous year's maintenance and operations tax rate.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE D -- OTHER RECEIVABLES

Other receivables for the Town as of September 30, 2014 are as follows:

<i>Primary Government</i>	General Fund	Venue Tax	EDC	Nonmajor Funds	Totals
Sales and Mixed Beverage Tax	\$ 76,926	\$ 37,443	\$ 18,721	\$ 18,721	\$ 151,811
Franchise Tax	62,675	-	-	1,278	63,953
Hotel Occupancy Tax	-	-	-	10,124	10,124
Miscellaneous	1,640	-	-	-	1,640
Total Other Receivables	<u>\$ 141,241</u>	<u>\$ 37,443</u>	<u>\$ 18,721</u>	<u>\$ 30,123</u>	<u>\$ 227,528</u>

NOTE E -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2013	Additions	Disposals/ Transfers	Balance 9/30/2014
Land	\$ 482,442	\$ 21,965	\$ 67,179	\$ 571,586
Buildings and Improvements	2,675,035	85,162	(250,602)	2,509,595
Vehicles and Equipment	1,752,774	163,611	(19,961)	1,896,424
Infrastructure	1,227,430	6,580	-	1,234,010
Construction in Progress	-	28,523	-	28,523
	<u>6,137,681</u>	<u>305,841</u>	<u>(203,384)</u>	<u>6,240,138</u>
Less Accumulated Depreciation				
Buildings and Improvements	(920,587)	(104,708)	55,551	(969,744)
Vehicles and Equipment	(992,964)	(144,106)	-	(1,137,070)
Infrastructure	(442,788)	(96,844)	18,371	(521,261)
	<u>(2,356,339)</u>	<u>(345,658)</u>	<u>73,922</u>	<u>(2,628,075)</u>
Governmental Capital Assets, Net	<u>\$ 3,781,342</u>	<u>\$ (39,817)</u>	<u>\$ (129,462)</u>	<u>\$ 3,612,063</u>

Land and Construction in Progress are not depreciated.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE E -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the governmental functions as follows:

Administration	\$ 41,122
Municipal Court	4,676
Police Department	47,126
Fire Department	92,454
Public Works	97,973
Recreation	<u>62,307</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 345,658</u>

NOTE F -- LONG-TERM DEBT

Capital Lease

On June 8, 2010, the Town agreed to lease purchase a fire truck through Oshkosh Capital. An old fire truck was traded in and a down payment of \$190,000 was made towards the purchase. The remaining portion of \$362,264 was financed through a lease that commenced on February 14, 2011 and requires five annual payments of \$80,072 beginning on that date. The lease has an effective interest rate of 3.9%. The fire truck is included in capital assets for a cost of \$560,860 with accumulated depreciation of \$200,975 as of September 30, 2014.

Changes in Long-Term Liabilities

	Balance 10/1/2013	Additions	Reductions	Balance 9/30/2014	Due Within One Year
Governmental Activities					
<i>Capital Leases:</i>					
Fire Truck	\$ 151,318	\$ -	\$ (74,225)	\$ 77,093	\$ 77,093
Compensated Absences	<u>136,683</u>	<u>166,763</u>	<u>(136,683)</u>	<u>166,763</u>	<u>166,763</u>
Total Governmental Activities	<u>288,001</u>	<u>166,763</u>	<u>(210,908)</u>	<u>243,856</u>	<u>243,856</u>
 Total Primary Government	 <u>\$ 288,001</u>	 <u>\$ 166,763</u>	 <u>\$ (210,908)</u>	 <u>\$ 243,856</u>	 <u>\$ 243,856</u>

The remaining requirement to amortize all long-term debt and obligations outstanding as of September 30, 2014 is \$80,072, which includes an interest payment of \$2,979, due in 2015.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

Plan Description

The Town provides pension benefits for all of its eligible employees through a nontraditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the Town are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at TMRS.com.

The plan provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS. Plan provisions for the Town were as follows:

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	6%	6%
Matching Ratio (town to employee)	1.5 to 1	1.5 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the Town's contribution rate is annually determined by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the Town. Both the normal cost and the prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The Town contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the Town make contributions monthly. Since the Town needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

The annual pension cost and net pension obligation are as follows:

Annual Required Contribution (ARC)	\$ 127,276
Interest on Net Pension Obligation	4,263
Adjustment to the ARC	<u>(3,834)</u>
Annual Pension Cost	127,705
Contributions Made	<u>(127,309)</u>
Increase (decrease) in Net Pension Obligation	396
Net Pension Obligation, beginning of year	<u>60,910</u>
Net Pension Obligation, end of year	<u><u>\$ 61,306</u></u>

Fiscal Year Ending September 30,	Annual Pension Cost	Actual Contribution Made	Percentage of APC Contribution	Increase to Net Pension Obligation
2012	\$ 122,089	\$ 116,695	96%	\$ 5,394
2013	123,528	123,014	100%	514
2014	127,705	127,309	100%	396

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS	ACTUARIAL ACCRUED LIABILITY	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)	ANNUAL COVERED PAYROLL	UAAL AS A PERCENTAGE OF COVERED PAYROLL
2013	\$ 3,595,134	\$ 4,274,860	84.1%	\$ 679,726	\$ 1,485,541	45.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE G -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations; information for the December 31, 2013 valuation also follows:

Actuarial Valuation Date	12/31/11	12/31/12	12/31/13
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
Remaining Amortization Period	26.0 years; closed period	25.0 years; closed period	30.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10 -year smoothed market	10 -year smoothed market	10 -year smoothed market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Inflation Rate	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

NOTE H -- OTHER POSTEMPLOYMENT BENEFIT

The Town also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The Town elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Town may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The Town's contributions to the TMRS SDBF for the fiscal years ending December 31, 2014, 2013 and 2012 were \$2,420, \$2,202, and \$2,121, respectively, which equaled the required contributions each year.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE I -- LICENSE AGREEMENT

The Town has a license agreement with Clear Channel Outdoor, Inc. for three digital billboards. The term of the agreement is 25 years, beginning on the commencement date of each billboard. Per the agreement, in 2013, the Town received a \$200,000 bonus on execution of agreement and land Clear Channel placed in escrow for the Town. The annual license payments are paid in advance and are refundable should the billboards become inoperable or not advantageous for the licensee. Unearned license payments at September 30, 2014 are \$124 thousand and are recognized as a liability on the balance sheet. Future license payment schedule are as follows:

Year	Payment
2015	\$ 200,000
2016	200,000
2017	200,000
2018	200,000
2019	206,000
2020 - 2024	1,036,180
2025 - 2029	1,067,265
2030 - 2034	1,099,281
2035 - 2038	900,404

NOTE J -- COMMITMENTS AND CONTINGENCIES

Litigation

As of the date of the report, December 01, 2014, the Preferred Hospitality litigation has been settled by both parties. Per the settlement, the Town paid \$35 thousand and Texas Municipal League (TML) paid \$10 thousand, for a total of \$45 thousand awarded to the plaintiff. The Town paid the \$35 thousand from the Hotel Fund, which has been accrued as a payable as of September 30, 2014.

The Town is the subject of various other claims and litigation that have arisen in the course of its operations. Management is of the opinion that the Town's liability in these cases, if decided adversely to the Town, will not have a material effect on the Town's financial position.

TOWN OF HOLLYWOOD PARK
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2014

NOTE J -- COMMITMENTS AND CONTINGENCIES (Continued)

Commitment

On August 21, 2012, the Town entered into an agreement with a contractor, Waste Management of Texas, Inc., to provide the service of collection and transportation of residential garbage and recycling for the Town. The agreement commenced on October 1, 2012, and shall continue for a period of five years. For the first two years of the agreement term, the base rates charged by the contractor for services will remain fixed until October 1, 2014, which then may be increased up to 2.5% per year by the contractor. The minimum contractual obligation for the Town is as follows:

Fiscal Year Ending September 30,	Minimum Contractual Obligation
2015	\$ 339,779
2016	339,779
2017	339,779

The term of the agreement may be extended, upon the mutual consent of both of the parties, in each party's sole discretion, for up to two additional terms of two years each.

The Town entered into a contract with Givler Engineering, Inc. for the Donnella Drive repairs. Also the EDC entered into a contract with Sign Resource Management, Inc. for the replacement and installation of signage throughout the Town. The estimated future commitments associated with these contracts as of September 30, 2014 are as follows:

Commitment	Estimated Project Cost to Town	Expended to Date	Estimated Future Commitment
Donella Drive Repairs:			
Engineering	\$ 107,201	\$ 27,872	\$ 79,329
Signage Replacement:			
Materials	39,284	20,000	19,284
Installation	15,571	-	15,571
	<u>\$ 162,056</u>	<u>\$ 47,872</u>	<u>\$ 114,184</u>

NOTE K -- RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The Town contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the Town is generally limited to the contributed amounts for losses up to \$1,000,000. Annual contributions for the year ended September 30, 2014 were \$48,355 for property and casualty and workers compensation coverage.



REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Economic Development Fund
- Schedule of Funding Progress – Defined Benefit

TOWN OF HOLLYWOOD PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	\$ 2,094,541	\$ 2,094,541	\$ 2,089,408	\$ (5,133)
Franchise Fees	225,200	225,200	284,376	59,176
Sales Taxes	395,000	395,000	441,314	46,314
Fines and Penalties	109,350	109,350	121,539	12,189
Licenses and Permits	69,700	69,700	104,182	34,482
License Agreement	200,000	200,000	78,398	(121,602)
Interest Income	500	500	719	219
Miscellaneous	42,050	42,050	32,584	(9,466)
TOTAL REVENUES	<u>3,136,341</u>	<u>3,136,341</u>	<u>3,152,520</u>	<u>16,179</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	463,508	463,508	510,951	(47,443)
Police	843,799	819,624	799,373	20,251
Fire	882,689	882,689	857,325	25,364
Public Works	125,615	125,615	128,623	(3,008)
Municipal Court	79,644	79,644	80,602	(958)
Recreation	46,450	46,450	51,700	(5,250)
Sanitation	350,000	350,000	339,779	10,221
Capital Outlay	264,564	288,739	176,551	112,188
<i>Debt Service:</i>				
Principal	68,805	68,805	74,225	(5,420)
Interest and Fiscal Charges	11,267	11,267	5,847	5,420
TOTAL EXPENDITURES	<u>3,136,341</u>	<u>3,136,341</u>	<u>3,024,976</u>	<u>111,365</u>
Net Change in Fund Balance	-	-	127,544	127,544
Beginning Fund Balance	<u>2,057,619</u>	<u>2,057,619</u>	<u>2,057,619</u>	<u>-</u>
Ending Fund Balance	<u>\$ 2,057,619</u>	<u>\$ 2,057,619</u>	<u>\$ 2,185,163</u>	<u>\$ 127,544</u>

TOWN OF HOLLYWOOD PARK
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT CORPORATION
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Budget Amounts		Actual	Variance
	Original	Final	Amounts	Favorable (Unfavorable)
REVENUES				
Sales Taxes	\$ 100,000	\$ 100,000	\$ 108,385	\$ 8,385
Interest Income	-	-	92	92
Miscellaneous	200	200	2,123	1,923
TOTAL REVENUES	<u>100,200</u>	<u>100,200</u>	<u>110,600</u>	<u>10,400</u>
EXPENDITURES				
<i>Current:</i>				
General and Administrative	63,300	63,300	60,335	2,965
Capital Outlay	36,900	36,900	85,162	(48,262)
TOTAL EXPENDITURES	<u>100,200</u>	<u>100,200</u>	<u>145,497</u>	<u>(45,297)</u>
Net Change in Fund Balance	-	-	(34,897)	(34,897)
Beginning Fund Balance	<u>293,137</u>	<u>293,137</u>	<u>293,137</u>	<u>-</u>
Ending Fund Balance	<u>\$ 293,137</u>	<u>\$ 293,137</u>	<u>\$ 258,240</u>	<u>\$ (34,897)</u>

TOWN OF HOLLYWOOD PARK
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS
SEPTEMBER 30, 2014

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Town maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the Town Council and as such is a good management control device. The following are the funds which have legally adopted annual budgets: General Fund and Economic Development Fund.

Expenditures for the Economic Development Corporation exceeded the budget.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The Town does not use encumbrances.

TOWN OF HOLLYWOOD PARK
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS – DEFINED BENEFIT
LAST EIGHT CALENDAR YEARS

CALENDAR YEAR	ACTUARIAL VALUE OF ASSETS **	ACTUARIAL ACCruED LIABILITY*	FUNDING RATIO (1)/(2)	UNFUNDED ACTUARIAL ACCruED LIABILITY	ANNUAL COVERED PAYROLL	UNFUNDED ACTUARIAL ACCruED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
2006	\$ 1,490,596	\$ 1,703,430	87.5%	\$ 212,834	\$ 1,026,128	20.7%
2007	1,486,169	2,135,459	69.6%	649,290	1,151,234	56.4%
2008	1,648,035	2,319,604	71.0%	671,569	1,296,776	51.8%
2009	1,663,927	2,387,134	69.7%	723,207	1,315,512	55.0%
2010	2,593,415	3,121,519	83.1%	528,104	1,305,977	40.4%
2011	2,909,305	3,442,886	84.5%	533,581	1,400,625	38.1%
2012	3,238,903	3,700,924	87.5%	462,021	1,364,663	33.9%
2013	3,595,134	4,274,860	84.1%	679,726	1,485,541	45.8%

* As of December 31 of the preceding year, the date of the actuarial valuation.

** Assets are stated at cost as of December 31 of the preceding year.



SUPPLEMENTARY INFORMATION

Supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedule include:

- Comparative Statements – General Fund
- Comparative Statements – Venue Tax Fund
- Comparative Statements – Economic Development Fund
- Combining Statements – Nonmajor Governmental Funds
- Comparative Statements – Proprietary Sewer Fund

TOWN OF HOLLYWOOD PARK
COMPARATIVE BALANCE SHEETS
GENERAL FUND
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 2,355,980	\$ 2,055,496
Receivables (net of allowances for uncollectibles):		
Property Taxes	60,826	47,879
Other Receivables	141,241	116,363
Due from Other Funds	<u>-</u>	<u>13,931</u>
TOTAL ASSETS	<u><u>\$ 2,558,047</u></u>	<u><u>\$ 2,233,669</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 140,472	\$ 81,660
Accrued Expenditures	54,181	45,151
Deposits	2,624	3,650
Unearned Billboard Revenue	<u>123,562</u>	<u>-</u>
<i>Total Liabilities</i>	<u><u>320,839</u></u>	<u><u>130,461</u></u>
<i>Deferred Inflows of Resources:</i>		
Unavailable Property Tax Revenue	<u>52,045</u>	<u>45,589</u>
<i>Total Deferred Inflows of Resources</i>	<u><u>52,045</u></u>	<u><u>45,589</u></u>
<i>Fund Balances:</i>		
Unassigned	<u>2,185,163</u>	<u>2,057,619</u>
<i>Total Fund Balance</i>	<u><u>2,185,163</u></u>	<u><u>2,057,619</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 2,558,047</u></u>	<u><u>\$ 2,233,669</u></u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Ad Valorem Taxes	\$ 2,089,408	\$ 2,113,057
Franchise Fees	284,376	211,601
Sales Taxes	441,314	399,922
Fines and Penalties	121,539	131,943
Licenses and Permits	104,182	83,919
License Agreement	78,398	279,500
Interest Income	719	846
Miscellaneous	32,584	40,073
TOTAL REVENUES	<u>3,152,520</u>	<u>3,260,861</u>
EXPENDITURES		
<i>Current:</i>		
General and Administrative	510,951	462,591
Police	799,373	833,291
Fire	857,325	842,781
Public Works	128,623	131,481
Municipal Court	80,602	65,107
Recreation	51,700	49,652
Sanitation	339,779	339,779
Capital Outlay	176,551	129,175
<i>Debt Service:</i>		
Principal	74,225	71,464
Interest and Fiscal Charges	5,847	8,608
TOTAL EXPENDITURES	<u>3,024,976</u>	<u>2,933,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>127,544</u>	<u>326,932</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	886,219
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>886,219</u>
Net Change in Fund Balance	127,544	1,213,151
Beginning Fund Balance	<u>2,057,619</u>	<u>844,468</u>
Ending Fund Balance	<u><u>\$ 2,185,163</u></u>	<u><u>\$ 2,057,619</u></u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE BALANCE SHEETS
VENUE TAX FUND
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 1,189,414	\$ 984,898
Sales Tax Receivable	<u>37,443</u>	<u>33,581</u>
TOTAL ASSETS	<u><u>\$ 1,226,857</u></u>	<u><u>\$ 1,018,479</u></u>
LIABILITIES & FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 85	\$ 568
<i>Total Liabilities</i>	<u>85</u>	<u>568</u>
<i>Fund Balances:</i>		
Restricted for:		
Venue Construction and Maintenance	<u>1,226,772</u>	<u>1,017,911</u>
<i>Total Fund Balances</i>	<u><u>1,226,772</u></u>	<u><u>1,017,911</u></u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 1,226,857</u></u>	<u><u>\$ 1,018,479</u></u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
VENUE TAX FUND
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Sales Tax	\$ 216,771	\$ 197,191
Interest Income	363	905
Miscellaneous Income	965	-
TOTAL REVENUES	<u>218,099</u>	<u>198,096</u>
EXPENDITURES		
Recreation	4,271	35,030
Capital Outlay	4,967	165,789
TOTAL EXPENDITURES	<u>9,238</u>	<u>200,819</u>
Net Change in Fund Balance	208,861	(2,723)
Fund Balances at Beginning of Year	<u>1,017,911</u>	<u>1,020,634</u>
Fund Balances at End of Year	<u>\$ 1,226,772</u>	<u>\$ 1,017,911</u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE BALANCE SHEETS
ECONOMIC DEVELOPMENT CORPORATION
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 271,347	\$ 279,532
Sales Tax Receivable	<u>18,721</u>	<u>16,791</u>
TOTAL ASSETS	<u><u>\$ 290,068</u></u>	<u><u>\$ 296,323</u></u>
LIABILITIES & FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 31,828	\$ 3,186
<i>Total Liabilities</i>	<u>31,828</u>	<u>3,186</u>
<i>Fund Balances:</i>		
Restricted for Economic Development	<u>258,240</u>	<u>293,137</u>
<i>Total Fund Balances</i>	<u><u>258,240</u></u>	<u><u>293,137</u></u>
TOTAL LIABILITIES & FUND BALANCES	<u><u>\$ 290,068</u></u>	<u><u>\$ 296,323</u></u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ECONOMIC DEVELOPMENT CORPORATION
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
REVENUES		
Sales Tax	\$ 108,385	\$ 98,596
Interest Income	92	216
Miscellaneous	2,123	401
TOTAL REVENUES	<u>110,600</u>	<u>99,213</u>
EXPENDITURES		
<i>Current:</i>		
General and Administrative	60,335	29,121
Capital Outlay	85,162	-
TOTAL EXPENDITURES	<u>145,497</u>	<u>29,121</u>
Net Change in Fund Balance	(34,897)	70,092
Fund Balances at Beginning of Year	<u>293,137</u>	<u>223,045</u>
Fund Balances at End of Year	<u>\$ 258,240</u>	<u>\$ 293,137</u>

TOWN OF HOLLYWOOD PARK
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014 AND 2013

	Special Revenue Funds				
	Court Technology	Court Security	Grants & Donations	PEG Fund	Voigt Center Maintenance
ASSETS					
Cash and Cash Equivalents	\$ 3,222	\$ 14,656	\$ 3,850	\$ 14,304	\$ 19,455
Other Receivables	-	-	-	1,278	7,593
TOTAL ASSETS	<u>\$ 3,222</u>	<u>\$ 14,656</u>	<u>\$ 3,850</u>	<u>\$ 15,582</u>	<u>\$ 27,048</u>
LIABILITIES & FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 40
Due to Other Funds	-	-	-	-	-
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
<i>Fund Balances:</i>					
Restricted For:					
Tourism Development	-	-	-	-	27,008
Municipal Court	3,222	14,656	-	-	-
Street Maintenance	-	-	-	-	-
Police Department	-	-	-	-	-
Donor Stipulations	-	-	3,850	-	-
Public Service	-	-	-	15,582	-
Assigned for Capital Projects	-	-	-	-	-
<i>Total Fund Balances</i>	<u>3,222</u>	<u>14,656</u>	<u>3,850</u>	<u>15,582</u>	<u>27,008</u>
TOTAL LIABILITIES & FUND BALANCES	<u>\$ 3,222</u>	<u>\$ 14,656</u>	<u>\$ 3,850</u>	<u>\$ 15,582</u>	<u>\$ 27,048</u>

Asset Forfeiture	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Funds	
	Hotel Tax	Street Maintenance	Asset Seizure		2014	2013
\$ 1,339	\$ 149,334	\$ 357,729	\$ 115	\$ 406,585	\$ 970,589	\$ 886,160
-	2,531	18,721	-	-	30,123	36,175
<u>\$ 1,339</u>	<u>\$ 151,865</u>	<u>\$ 376,450</u>	<u>\$ 115</u>	<u>\$ 406,585</u>	<u>\$ 1,000,712</u>	<u>\$ 922,335</u>
\$ -	\$ 35,000	\$ 9,656	\$ 2	\$ -	\$ 44,698	\$ 2
-	-	-	-	-	-	13,931
<u>-</u>	<u>35,000</u>	<u>9,656</u>	<u>2</u>	<u>-</u>	<u>44,698</u>	<u>13,933</u>
-	116,865	-	-	-	143,873	149,922
-	-	-	-	-	17,878	28,429
-	-	366,794	-	-	366,794	307,498
1,339	-	-	113	-	1,452	3,261
-	-	-	-	-	3,850	2,030
-	-	-	-	-	15,582	10,714
-	-	-	-	406,585	406,585	406,548
<u>1,339</u>	<u>116,865</u>	<u>366,794</u>	<u>113</u>	<u>406,585</u>	<u>956,014</u>	<u>908,402</u>
<u>\$ 1,339</u>	<u>\$ 151,865</u>	<u>\$ 376,450</u>	<u>\$ 115</u>	<u>\$ 406,585</u>	<u>\$ 1,000,712</u>	<u>\$ 922,335</u>

TOWN OF HOLLYWOOD PARK
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	Special Revenue Funds				
	Court Technology	Court Security	Grants & Donations	PEG Fund	Voigt Center Maintenance
REVENUES					
Sales Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel Tax	-	-	-	-	25,724
Franchise Fees	-	-	-	4,868	-
Fines and Penalties	3,121	2,341	-	-	-
Interest Income	-	1	-	-	-
Grants and Donations Income	-	-	3,345	-	-
Miscellaneous Income	-	-	-	-	-
TOTAL REVENUES	<u>3,121</u>	<u>2,342</u>	<u>3,345</u>	<u>4,868</u>	<u>25,724</u>
EXPENDITURES					
Current:					
Administration	-	-	-	-	-
Police	-	699	1,525	-	-
Fire	-	-	-	-	373
Public Works	-	-	-	-	-
Municipal Court	4,087	590	-	-	-
Capital Outlay	10,638	-	-	-	-
TOTAL EXPENDITURES	<u>14,725</u>	<u>1,289</u>	<u>1,525</u>	<u>-</u>	<u>373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,604)	1,053	1,820	4,868	25,351
OTHER FINANCING SOURCES (USES)					
Transfers (Out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(11,604)	1,053	1,820	4,868	25,351
Fund Balances at Beginning of Year	14,826	13,603	2,030	10,714	1,657
Fund Balances at End of Year	<u>\$ 3,222</u>	<u>\$ 14,656</u>	<u>\$ 3,850</u>	<u>\$ 15,582</u>	<u>\$ 27,008</u>

Asset Forfeiture	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Funds	
	Hotel Tax	Street Maintenance	Asset Seizure		2014	2013
\$ -	\$ -	\$ 108,385	\$ -	\$ -	\$ 108,385	\$ 98,596
-	8,575	-	-	-	34,299	81,971
-	-	-	-	-	4,868	10,714
-	-	-	-	-	5,462	9,565
-	49	108	-	37	195	432
-	-	-	-	-	3,345	-
-	-	-	-	-	-	225,428
-	8,624	108,493	-	37	156,554	426,706
-	40,024	-	-	-	40,024	2,210
959	-	-	850	-	4,033	884
-	-	-	-	-	373	-
-	-	20,674	-	-	20,674	15,900
-	-	-	-	-	4,677	-
-	-	28,523	-	-	39,161	-
959	40,024	49,197	850	-	108,942	18,994
(959)	(31,400)	59,296	(850)	37	47,612	407,712
-	-	-	-	-	-	(886,219)
-	-	-	-	-	-	(886,219)
(959)	(31,400)	59,296	(850)	37	47,612	(478,507)
2,298	148,265	307,498	963	406,548	908,402	1,386,909
\$ 1,339	\$ 116,865	\$ 366,794	\$ 113	\$ 406,585	\$ 956,014	\$ 908,402

TOWN OF HOLLYWOOD PARK
COMPARATIVE STATEMENTS OF NET POSITION
PROPRIETARY FUND – SEWER SYSTEM
SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Cash Equivalents	\$ 149,186	\$ 162,848
Accounts Receivable	<u>10,260</u>	<u>7,217</u>
TOTAL ASSETS	<u>159,446</u>	<u>170,065</u>
LIABILITIES		
Accounts Payable	<u>8,202</u>	<u>17,703</u>
TOTAL LIABILITIES	<u>8,202</u>	<u>17,703</u>
NET POSITION		
Unrestricted	<u>151,244</u>	<u>152,362</u>
TOTAL NET POSITION	<u>\$ 151,244</u>	<u>\$ 152,362</u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND – SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Charges for Utility Services	\$ 92,946	\$ 96,216
Total Operating Revenues	<u>92,946</u>	<u>96,216</u>
Operating Expenses Before Depreciation		
Waste Water Treatment Fees	94,078	94,723
Miscellaneous	-	495
Total Operating Expenses Before Depreciation	<u>94,078</u>	<u>95,218</u>
Operating Income (Loss)	<u>(1,132)</u>	<u>998</u>
Other Income (Expense):		
Interest Income	14	14
Total Other Income (Expense)	<u>14</u>	<u>14</u>
Change in Net Position	(1,118)	1,012
Net Position at Beginning of Year	<u>152,362</u>	<u>151,350</u>
Net Position at End of Year	<u>\$ 151,244</u>	<u>\$ 152,362</u>

TOWN OF HOLLYWOOD PARK
COMPARATIVE STATEMENTS OF CASH FLOWS
PROPRIETARY FUND – SEWER SYSTEM
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities:		
Cash Received From Customers	\$ 89,903	\$ 96,216
Cash Paid to Suppliers for Goods and Services	<u>(103,579)</u>	<u>(94,134)</u>
Net Cash Provided (Used) by Operating Activities	<u>(13,676)</u>	<u>2,082</u>
Cash Flows From Investing Activities:		
Investment Interest Received	<u>14</u>	<u>14</u>
Net Cash Provided (Used) by Investing Activities	<u>14</u>	<u>14</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (13,662)	 2,096
 Cash and Cash Equivalents at Beginning of Year	 <u>162,848</u>	 <u>160,752</u>
 Cash and Cash Equivalents at End of Year	 <u>\$ 149,186</u>	 <u>\$ 162,848</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ (1,132)	\$ 998
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(3,043)	-
Increase (Decrease) in Current Liabilities:		
Accounts Payable	<u>(9,501)</u>	<u>1,084</u>
Total Adjustments to Reconcile Operating Activities	<u>(12,544)</u>	<u>1,084</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ (13,676)</u>	 <u>\$ 2,082</u>

